

December 28, 2023

Joe Stephenshaw, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Director Joe Stephenshaw,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Military Department submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2023.

Should you have any questions please contact Colonel Tiffany A Buethe, Chief of Staff, Joint Staff, at (916) 854-3500, tiffany.a.buethe.mil@army.mil.

GOVERNANCE

Mission and Strategic Plan

The Military Department (Military) is a unique component of the California State Government. The Military's mission is to provide trained and ready forces to respond to national, state, and local emergencies. The Military provides resources, services, and educational programs to

California's communities. It is committed in improving, preparing, and protecting its communities, state, and nation. The Military comprises of the following four components:

- The California Air National Guard (Air Guard) provides air, space, and cyberspace forces to support federal and state missions. It includes the 129th Rescue Wing, 144th Fighter Wing, 146th Airlift Wing, 163rd Attack Wing, and 195th
- The California Army National Guard (Army Guard) organizes, trains, equips, and resources community based land. When ordered, it mobilizes to support the state and the nation. It includes 12 major subordinate commands.
- The California State Guard (State Guard) is an all-volunteer State Defense Force. It includes army, air, and maritime components. Its mission includes providing trained and ready forces to support the Air Guard, Army Guard, and Youth & Community Programs Task Force

(Youth Programs) and to respond to state emergencies.

- The Youth & Community Programs Task Force provide resources, services, outreach, and education to the state, local communities, and families. Its educational programs are located throughout. They include the Discovery Challenge Academy, Grizzly Youth Academy, Sunburst Youth Academy, California Military Institute Perris, Oakland Military Institute, Porterville Military Academy, Starbase Los Alamitos, Starbase Sacramento, and California Cadet Corps.

The Military's four strategic priorities and focus areas are:

1. Combat Readiness focusing on:
 - Acquiring and maintaining dual purpose force structure
 - Effective recruiting and retention
 - Acquiring and maintaining modern and relevant equipment
 - Optimizing training and readiness
 - Maximizing federal and state resources
2. Civil Support Readiness focusing on:
 - Proactive interagency engagement
 - Optimizing civil support training and interoperability
 - Effective and timely responses
 - Providing robust and scalable capabilities
3. Quality Infrastructure focusing on:
 - Modernizing installations, armories, and air bases
 - Comprehensive capital project planning
 - Maximizing Information Technology Enterprise
 - Secure and redundant systems
4. Effective Organizations focusing on:
 - Comprehensive internal control
 - Fiscal stewardship
 - Fully integrate State Guard and Youth Programs
 - Professional Command Climate
 - Human Capital: career management, succession planning, and leadership diversity

As of November 2021, the Military has 18,970 reserve airmen, soldiers, and State Guard members, ready to respond to emergencies in California and across the nation. Approximately 3,928 fulltime federal employees and 875 fulltime state employees work at the Military in support of its mission. The California Military Department is led by The Adjutant General who is appointed by the Governor.

Control Environment

Management of the Military's effective control environment is as follows:

- The Adjutant General sets the tone of integrity and ethical values by retaining responsibility of the Military's internal control program. The Adjutant General stresses adherence to the internal control program. All levels of management are accountable for implementing effective internal controls, preventing wasteful spending, and ensuring transparency. This includes continually monitoring the Military's

mission and strategic plan and fostering an environment that encourages the highest levels of personal and professional. The Inspector General advises staff on the Inspector General's function and the whistleblower program. The Office of the Staff Judge Advocate (Legal Office) advises staff on ethics regulations. Staff is required to attend ethics training biennially and to complete the Form 700 (Statement of Economic Interest) annually.

- One of the Military's strategic priorities is effective. This strategic priority promotes a culture of integrity, trust, and service. It emphasizes executing comprehensive and effective internal controls.
- The Military utilizes two councils to assist in maintaining a competent workforce. First, the Manpower and Personnel Advisory Council meets monthly to update and review the workforce to ensure efficient staffing, workforce development, and succession planning. This council is comprised of the components' chiefs of staff and the Director, Joint Staff. Second, the State Active Duty Executive Personnel Council streamlines personnel management to identify and recommend the best qualified service members to fill existing and projected State Active Duty vacancies and to promote personnel development. It meets quarterly or as needed. This council is comprised of the Deputy Adjutant General, Director Joint Staff, Joint Chief of Staff, chiefs of staff, and senior enlisted leaders. In addition, the Military adheres to staff's training.
- Managers and supervisors evaluate performance and enforce accountability through the annual staff performance appraisal reports, new staff probation reports, and accurate duty

Information and Communication

The Military has many ways to collect and communicate relevant and reliable information for operational, programmatic, and financial decision making.

The Military's strategic priorities are updated annually and are available to all employees, service members, and State Guard members. They are accessible on the Military's SharePoint and are posted on bulletin boards and in common areas. Presentation of information to the Adjutant General and senior leaders are organized according to the strategic priorities. For example, the Military's Power Point slide presentation template is divided into four quadrants: Combat Readiness, Civil Support Readiness, Quality Infrastructure, and Effective Organizations. Current information for each priority is provided.

The Adjutant General, component leaders, and key staff meet once a week to discuss workloads, staff actions, program implementation, and policies. Senior leaders, directors, and supervisors have staff meetings once a month. In addition, a week is designated per calendar quarter for required meetings to include but not limited to the Internal Control Management Council, Program Budget Advisory Committee, and Antiterrorism Executive Committee. Leaders and staff are expected to block the designated dates in advance and to be prepared for the meetings. Furthermore, the Adjutant General and senior leaders receive monthly slide decks on internal controls, strategic priorities, and critical missions from directorates and major subordinate commands.

The Military has a Governor appointed Inspector General whose primary functions are training,

assisting, inspecting, and investigating. The Inspector General maintains a toll-free public telephone number and a website to receive complaints and allegations. The Inspector General sends out an annual memorandum to employees on reporting government fraud, waste, and abuse. The memorandum includes information on the whistleblower program and point of contacts. It is available in the Inspector General's SharePoint and is posted on bulletins boards.

The Inspector General documents inspection and investigation results in the Inspector General reports. The Inspector General must submit annual and quarterly reports to the Governor, Legislature, Assembly Committee on Veterans Affairs, and Senate Committee on Veterans Affairs on significant problems discovered and summaries of investigations conducted. The Inspector General briefs The Adjutant General of allegations, inspections, and investigations quarterly or as needed.

The Military has an Internal Review Office that provides a wide range of independent audits and consulting services. An annual audit plan is prepared by the Internal Review Office and approved by The Adjutant General. The approved audit plan is emailed to the component chiefs of staff, senior leaders, and directors so they are aware of the programs scheduled to be evaluated. Request for Audit Forms are also available in the Internal Review Office's SharePoint.

The Internal Review Office reports internal control deficiencies in audit reports. The Adjutant General, Deputy Adjutant General, chiefs of Staff, senior leaders, and directors receive copies of the audit reports. The audit reports are posted in the Internal Review Office's SharePoint.

MONITORING

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the Military Department monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Colonel Tiffany A Buethe, Chief of Staff, Joint Staff.

Risk assessment and ongoing monitoring, and implementing controls to ensure risk avoidance.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Military Department risk assessment process: executive management, middle management, front line management, and staff.

The following methods were used to identify risks: brainstorming meetings, ongoing monitoring activities, audit/review results, consideration of potential fraud, and performance metrics.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, and tolerance level for the type of risk.

The following personnel were involved in the Military Department risk assessment process: executive management, middle management, front line management, and staff.

The following methods were used to identify risks: brainstorming meetings, employee engagement surveys, ongoing monitoring activities, audit/review results, other/prior risk assessments, external stakeholders, questionnaires, consideration of potential fraud, and other.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/ goals/objectives, and other.

RISKS AND CONTROLS

Risk: Risk 1

We are compliant in all operational areas.

Control: Control 1

Risk assessment and ongoing monitoring.

CONCLUSION

The Military Department strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies as appropriate. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

CMD COS Tiffany A. Buethe

Major General Matthew P. Beevers, Acting, The Adjutant General

CC: California Legislature [Senate, Assembly]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency